

Message Text

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43

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 DODE-00 FEAE-00 FPC-01 H-02 INR-07 INT-05

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OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 /114 W

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TO SECSTATE WASHDC 7933

INFO USDOC WASHDC

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 12501

E.O. 11652: N/A

TAGS: ENRG, IN

SUBJECT: GOI TAKEOVER OF EXXON'S REMAINING EQUITY IN HINDUSTAN
PETROLEUM

1. PETROLEUM MINISTRY MALAVIYA ANNOUNCED IN THE LOK SABHA ON AUGUST 23, 1976 THAT AN AGREEMENT BETWEEN THE GOI AND EXXON HAD BEEN REACHED. TRANSFERRING EXXON'S REMAINING 26 PERCENT EQUITY IN HINDUSTAN PETROLUM CORPORATION TO THE GOVERNMENT. A FORMAL AGREEMENT TO THIS EFFECT IS TO BE SIGNED IN SEPTEMBER WITH OCTOBER 1, 1976 ESTABLISHED AS THE TARGET DATE FOR THE TAKEOVER. THIS HAS BEEN CONFIRMED BY EXXON'S REPRESENTATIVE IN INDIA.

2. THE GOI HAS AGREED TO PAY EXXON DOLS3,096,600 NET OF TAXES FOR THE REMAINING 26 PERCENT EQUITY. HOWEVER, THIS WOULD IN NO WAY AFFECT THE EXISTING ARRANGEMENTS FOR PAYMENTS OF PRINCIPAL AND INTEREST RELATING TO THE 74 PERCENT ACQUISITION OF EXXON IN MARCH 1974. UNDER TERMS OF THIS LATTER AGREEMENT THE REAINING 26 PERCENT EQUITY WAS TO BE TRANSFERRED TO THE GOI IN MARCH 1981.

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3. ACCORDING TO MALAVIYA, EXXON WOULD CONTINUE TO SUPPLY CRUDE
TO INDIA THROUGH 1980/81 IN ACCORDANCE WITH THE MARCH 1974
AGREEMENT WHICH PROVIDES FOR AN ANNUAL IMPORT UP TO 2.75 MILLION
METRIC TONS IN 1975 THE GOI IMPORTED APPROXIMATELY 2.60 MILLION
METRIC TONS UNDER THIS AGREEMENT. SAXBE

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